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ACTION EB-11

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

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INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 OIC-04 DRC-01 IO-14

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INFO AMEMBASSY ACCRA

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DEPT TRANSMIT AMB EBERLE IN LATIN AMERICA

STR FOR LANDE

EO 11652 NA
TAGS ETRD GATT
SUBJ APR 23-25 MEETING OF TNC WORKING GROUP ON TROPICAL PRODUCTS
--3(F)

REF GENEVA 1089

1. SUMMARY. TROPICAL PRODUCTS GROUP DISCUSSED BRIEFLY AND INCONCLUSIVELY DETAILED DOCUMENTATION DEVELOPED BY GATT SECRETARIAT ON SIX PRODUCTS--COCOA, COFFEE, TEA, PEPPER, BANANAS AND CERTAIN OILSEEDS, OILS AND OILCAKE. GROUP DISCUSSED AND GAVE INSTRUCTIONS TO SECRETARIAT ON DEVELOPMENT OF ADDITIONAL INFORMATION ON THESE PRODUCTS, ON NEW PRODUCTS TO BE CONSIDERED AND ON RELATIONSHIP OF TROPICAL PRODUCTS GROUP'S WORK TO THAT OF OTHER GROUPS. GROUP AGREED TO MEET AGAIN SOON BEFORE JULY MEETING OF TNC AND, IF FEASIBLE, AFTER NEXT MEETING OF AGRICULTURAL GROUP.

2. MEETING HIGHLIGHTED BY ACTIVE DEBATE AND FINAL AGREEMENT ON U.S. PROPOSAL TO TRANSMIT RESULTS OF GROUP'S CONSIDERATION OF TROPICAL VEGETABLE OILS TO TNC AGRICULTURAL GROUP FOR INCORPORATION IN GLOBAL EXAMINATION OF WORLD VEGETABLE OIL SECTOR. GROUP ALSO AGREED THAT RESULTS OF THIS WIDER EXAMINATION BE SUBSEQUENTLY CONSIDERED BY TROPICAL PRODUCTS GROUP.

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3. U.S. PROPOSAL THAT SECRETARIAT BE GUIDED BY CERTAIN OBJECTIVE CRITERIA IN SELECTING ADDITIONAL PRODUCTS TO BE CONSIDERED BY GROUP PROVOKED STRONG NEGATIVE REACTION FROM LDCS WHO OPPOSED LIMITATIONS ON GROUP'S FIELD OF ACTION IMPLICIT IN U.S. CRITERIA. U.S. PROPOSAL WAS FINALLY INCLUDED IN NOTE ON FUTURE WORK OF GROUP BUT WITH COMMENT THAT SOME DELEGATIONS DISAGREED.

4. MEETING CHARACTERIZED BY LACK OF LDC PARTICIPATION IN

DISCUSSION OF INDIVIDUAL COMMODITIES FOR WHICH SECRETARIAT HAD ALREADY COLLECTED DATA COUPLED TO EVIDENT LDC DESIRE BOTH TO EXPAND SCOPE OF GROUP TO INCLUDE MANY ADDITIONAL PRODUCTS--SOME OF WHICH ALSO IMPORTANT TO TEMPERATE ZONE AGRICULTURE--AND TO PUSH CONSIDERATION OF THESE PRODUCTS AS FAR AS POSSIBLE UP PROCESSING CHAIN INTO MANUFACTURING. END SUMMARY.

5. GENERAL DISCUSSION. IN GENERAL DISCUSSION PRECEDING SECTION BY SECTION CONSIDERATION OF DOCUMENT MTN/3F/W/3 AND ADDENDA, EC (ABBOTT) INTERPRETED INFORMATION PROVIDED ON PRICES AND DEPENDENCE OF LDCS ON EXPORTS EARNINGS FROM SIX MAJOR PRODUCT GROUPS TREATED IN DOCUMENT AS INDICATING THAT INSTABILITY OF PRICES, EXPORT EARNINGS AND QUANTITIES TRADED IS EQUALLY AS IMPORTANT AS TRADE LIBERALIZATION AND ACCESS TO MARKETS AND THAT IT WOULD BE MISTAKE TO CONSIDER REDUCTION OF TARIFFS, NTBS AND SPECIAL PREFERENCES AS MOST IMPORTANT FACTOR. PROBLEMS NEEDED TO BE TREATED AS A WHOLE AND NOT PIECEMEAL. JAMAICA, GHANA, ECUADOR AND INDIA COMPLIMENTED EC ON ITS SYMPATHETIC ANALYSIS. SRI LANKA AND JAMAICA (WALKER) RAISED ISSUE OF UNCTAD PARTICIPATION IN 3(F) WORKING GROUP. CHAIRMAN PASIN (GATT) REPLIED THAT WAS MATTER FOR TNC. JAMAICA ALSO INSISTED ON IMPORTANCE TO WORKING GROUP OF DECISIONS CURRENTLY BEING TAKEN IN UNGA SPECIAL SESSION. INDIA (HEMRAJANI), FOLLOWING ON EC ANALYSIS, STRESSED STEADY LONG-TERM INCREASE IN MANUFACTURED GOODS PRICES AND FLUCTUATION AND, IN CASE OF BANANAS AND TEA, CONTINUOUS LOW LEVELS OF TROPICAL PRODUCT PRICES.

6. SPECIFIC PRODUCTS. SECTION BY SECTION COMMENTS WERE PERFUNCTORY ON COCOA, BANANAS, COFFEE, TEA AND PEPPER. ON COCOA, NIGERIA AND GHANA SPOKE OF THEIR PRODUCTION PROBLEMS AND RISING COSTS. U.S. POINTED OUT NEED FOR ADDITIONAL INFORMATION ON PROCESSING IN ALL COUNTRIES AND EXPORTS OF DEVELOPED AS WELL AS DEVELOPING COUNTRIES. ON BANANAS, ECUADOR ATTACKED BARRIERS TO TRADE AND DOMINATION OF U.S. MARKET BY THREE U.S. COMPANIES LIMITED OFFICIAL USE

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WHICH "KEEPING PRICES LOW." GUATEMALA DWELT ON TRADE LIBERALIZATION. ON COFFEE, ONLY COLOMBIA SPOKE, DEFENDING HIGH PRICES BY CITING LONG-TERM AVERAGES AND INCREASING COSTS. ON TEA, SRI LANKA AND INDIA STRESSED NEED TO ORGANIZE MARKETS AND TO STRENGTHEN AND STABILIZE PRICES. SRI LANKA INDICATED IT LOOKS TO JUNE FAO-UNCTAD INTENSIVE CONSULTATIONS ON TEA FOR PROGRESS IN THESE MATTERS. ON PEPPER, INDIA AND SINGAPORE REQUESTED MORE TECHNICAL DISTINCTIONS AND FURTHER ANALYSIS OF THE WORLD MARKET.

7. IN THE DISCUSSION OF OILSEEDS, OILS AND OILCAKE, PHILIPPINES AND NIGERIA SUPPORTED BY SRI LANKA, INDIA AND SINGAPORE INITIALLY STATED THAT INFLUENCE OF SOYBEANS ON TROPICAL OILSEEDS REQUIRED STUDY. U.S. AGREED AND PROPOSED SECRETARIAT TRANSMIT TO GROUP 3(E)--AGRICULTURAL GROUP--PERTINENT MATERIALS IN DOCUMENT MTN/3F/W/3 FOR AMPLIFICATION WITHIN FRAMEWORK OF GLOBAL CON-

SIDERATION OF FATS AND OILS IN GENERAL WITH RESULTS OF STUDY AND COMMENTS OF 3(E) RETURNED TO 3(F) FOR ITS CONSIDERATION. U.S. PROPOSAL SUPPORTED BY EC AND CANADA. LDCS OBJECTED STRONGLY TO PROPOSAL ON BASIS IT WOULD SHIFT PRINCIPAL RESPONSIBILITY FROM TROPICAL OILSEED GROUP TO 3(E). MEXICO (AS PER AGREEMENT REACHED IN PRE-MEETING CONSULTATION WITH U.S. DELEGATION) PROPOSED COM-PROMISE THAT BOTH GROUPS CONSIDER GLOBAL OILSEED GROUP TRADE IN PARALLEL AND SIMULTANEOUS MANNER. AFTER CONSIDERABLE DEBATE GROUP AGREED THAT SECRETARIAT TRANSMIT TO 3(E) PERTINENT DOCUMENTATION ALONG WITH COMMENTS OF 3(F) AND REQUEST THAT 3(E) GIVE THEM PRIORITY CONSIDERATION, HAVING REGARD TO INTERESTS OF DEVELOPING COUNTRIES IN SPECIAL AND PRIORITY TREATMENT BEING ACCORDED TROPICAL PRODUCTS IN THE MTN. DOCUMENTATION DEVELOPED IN 3(E) AND VIEWS OF THAT GROUP WOULD THEN BE RE-TRANSMITTED TO 3(F) FOR APPROPRIATE CONSIDERATION.

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8. FUTURE WORK. U.S. REQUESTED SECRETARIAT UNDERTAKE FURTHER WORK ON PRODUCTS TREATED IN MTN/3F/W/3 WITH REGARD TO (A) PROCESSING, (B) TRADE BARRIERS IN OTHER MAJOR IMPORTING COUNTRIES INCLUDING LDCS AND CENTRALLY PLANNED ECONOMIES, (C) EXPORTS OF PROCESSED PRODUCTS BY DEVELOPED COUNTRIES, (D) EXPORT MEASURES INCLUDING EXPORT TAXES AND QUANTITATIVE EXPORT RESTRICTIONS, AND (E) STATE TRADING AND IMPORT MONOPOLIES. INDIA REQUESTED INCLUSION OF MORE INFORMATION ON SWEETENED COCOA TRADE AND ITS GROWING EXPORT TRADE IN COFFEE. NIGERIA ALSO REQUESTED MORE INFORMATION ON COCOA PROCESSING IN DEVELOPED COUNTRIES.

9. WITH REGARD TO WORK TO BE DONE BY SECRETARIAT ON PRODUCTS IN COM/TD/W/205 AS WELL AS ON OVERALL LIST OF TROPICAL PRODUCTS, LDCS REQUESTED SEVERAL SPECIFIC APPROACHES. DEVELOPED COUNTRIES ARGUED THAT NUMBER OF PRODUCTS TO BE CONSIDERED BY SECRETARIAT DURING NEXT FEW MONTHS BE LIMITED IN ORDER TO FACILITATE WORK.

JAPAN AND U.S. SUGGESTED SPECIFIC CRITERIA FOR SELECTING PRODUCTS TO BE STUDIED FIRST BY SECRETARIAT. THESE INCLUDE (A) DEGREE OF PROCESSING, (B) DEGREE TO WHICH PRODUCTS ARE PRODUCED IN NON-TROPICAL AREAS, (C) DEGREE TO WHICH STUDY IS UNDER WAY OR IS CONTEMPLATED BY OTHER TNC GROUPS, AND (D) DEGREE OF IMPORTANCE IN WORLD TRADE. AFTER LENGTHY AND SHARP DEBATE, GROUP DECIDED TO INCLUDE IN AGREED NOTE ON FUTURE WORK OF GROUP VIEW OF SEVERAL COUNTRIES THAT IT DESIRABLE TO LIMIT PRODUCT LIMITED OFFICIAL USE

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COVERAGE TO ACCEPTABLE PROPORTIONS AND THAT SEVERAL CRITERIA SHOULD BE USED AS GUIDE. GROUP AGREED THAT SECRETARIAT SHOULD LIST CRITERIA SUGGESTED BY THESE COUNTRIES IN ITS REPORT ON GROUP'S DELIBERATIONS WHICH IT WILL ISSUE SEPARATELY FROM NOTE. PRINCIPALLY UPON INSISTENCE OF INDIA, STATEMENT WAS ADDED TO AGREED NOTE THAT OTHER DELEGATIONS DOUBTED THAT IT WOULD BE DESIRABLE TO LIMIT PRODUCT COVERAGE OR DEVELOP CRITERIA.

10. INDIA AND MEXICO ASKED SECRETARIAT TO IDENTIFY TROPICAL PRODUCTS NOT RPT NOT SPECIFICALLY MENTIONED IN TARIFF SCHEDULE BREAK-DOWNS AND LIKELY TO FALL IN CATEGORIES OF MISCELLANEOUS NATURE OR TO BE MIXED WITH TEMPERATE ZONE PRODUCTS. MEXICO ALSO REQUESTED THAT SECRETARIAT DEVELOP INFORMATION ON TOTAL REVENUE COLLECTIONS IN DEVELOPED COUNTRIES FROM INTERNAL TAXES INCLUDING SELECTIVE TAXES, VARIABLE LEVIES, ETC. DOMINICAN REPUBLIC ASKED THAT TABLE SHOWING DEPENDENCE OF LDC EXPORT EARNINGS ON OTHER SIGNIFICANT PRODUCTS SUCH AS SUGAR BE DEVELOPED.

11. RELATIONSHIPS WITH OTHER TNC GROUPS. U.S., EC AND CANADA IN PARTICULAR PLACED EMPHASIS ON COMPETENCE OF OTHER TNC WORKING GROUPS WITH RESPECT TO BOTH MANUFACTURED AND AGRICULTURAL PRODUCTS INCLUDED IN LISTS OF PRODUCTS TO BE CONSIDERED BY 3(F). EC, STRONGLY SUPPORTED BY U.S., STATED THAT IN ITS VIEW GLOBAL RESPONSIBILITY FOR RICE, SUGAR AND SUGAR PRODUCTS, AND TOBACCO WAS IN 3(E). THIS JUDGMENT WAS OPPOSED BY NUMBER OF LDC DELEGATIONS AND THERE WAS NO FINAL RESOLUTION. THIS QUESTION WILL CLEARLY BE RAISED AGAIN IN NEXT MEETING OF GROUP. THERE WAS, HOWEVER, IMPLICIT ACCEPTANCE OF THE US/EC POSITION IN GENERAL AGREEMENT THAT DOCUMENTATION PREPARED ON SUCH PRODUCTS AND VIEWS OF OTHER GROUPS SHOULD BE BROUGHT TO ATTENTION OF 3(F) FOR FURTHER CONSIDERATION OF PRODUCTS FALLING WITHIN COMPETENCE OF 3(F). GROUP ALSO AGREED THAT SECRETARIAT PROVIDE OTHER TNC WORKING GROUPS WITH LIST OF LDC PRIORITY ITEMS SO THAT THEY MIGHT TAKE THE LDC PRIORITIES INTO ACCOUNT IN THEIR WORK.

12. NEXT MEETING. GROUP ACCEPTED CHAIRMAN'S PROPOSAL THAT, IN LIGHT OF THE LARGE AMOUNT OF WORK TO BE DONE, NEXT MEETING BE IN JULY PRIOR TO JULY TNC MEETING AND IF POSSIBLE FOLLOWING MEETING OF AGRICULTURAL GROUP 3(E) WHICH IS ALSO PLANNED TO TAKE PLACE BEFORE THE TNC.DALE

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